

For: State and County Offices

Clarifying Procedures for Immediate Sales of Warehouse-Stored Forfeitures

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

Background

The Federal Agriculture Improvement and Reform Act of 1996 discourages the accumulation of stocks of commodities, except for statutory reserves, owned by the Federal Government.

As producers choose to deliver or forfeit their commodities at loan maturity, CCC will make these eligible commodities available to warehouse operators for immediate sale. Commodities eligible for immediate sale include the following:

- corn
- grain sorghum
- barley
- oats
- oilseeds
- wheat
- rice.

KCCO offers warehouse operators who issued the forfeited warehouse receipt the first opportunity to purchase the commodity. County Offices are instructed to hold warehouse receipts for 10 workdays after loan maturity according to 8-LP, Part 11. Recent reports from KCCO indicate that County Offices are submitting forfeited warehouse receipts and transmitting automated records to KCCO for warehouse receipts that have already been sold to the warehouse operator. This has resulted in CCC's commodity inventory data to be out of balance.

B

Purpose

This notice clarifies policies for completing immediate sale of warehouse-stored forfeitures.

Disposal Date	Distribution
July 1, 2002	State Offices; States Offices relay to County Offices

2 Immediate Sale of Forfeited Warehouse Receipts

A

Immediately Sold

The warehouse operator must purchase the applicable forfeited warehouse receipts within 10 workdays after the loan maturity to be considered “immediately sold”.

B

Holding Warehouse Receipts

County Offices shall hold forfeited warehouse receipts for 10 workdays after the loan maturity before submitting the forfeited warehouse receipt to KCCO. If the warehouse operator contacts the County Offices to purchase the forfeited commodity, then the warehouse operator must make payment to the County Office within 5 work days of the purchase date.

For immediate sales of forfeited commodities, County Offices may be required to hold the receipts beyond the required 10 workdays to allow for sale proceeds. Authority to hold forfeited receipts beyond the 10-workdays, but not to exceed 15 workdays, is granted when it involves an immediate sale.

C

Forfeited Receipts Not Purchased

For forfeited receipts not purchased, County Offices shall complete the forfeiture process in APSS in the normal matter on the 11th workday after the loan maturity.

D

Forfeited Receipts Purchased Immediately by Warehouse Operator

If forfeited receipts are purchased immediately by the warehouse operator, the warehouse operator:

- must purchase the entire quantity shown on a forfeited warehouse receipt
 - shall provide:
 - the contract sales number for the corresponding warehouse receipt
 - payment to the County Office to obtain the forfeited warehouse receipt within 5 workdays of the purchase date.
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E

Processing Immediate Sales of Warehouse- Stored Forfeitures in APSS

Notice PS-369 provides instructions for processing local sales of immediately sold warehouse-stored forfeited commodities.

Note: Notice PS-369 incorrectly stated that the warehouse operator must purchase the receipts within 5 workdays after the loan matures. Subparagraph 2 A of this notices clarifies an “immediate sale” of warehouse-stored forfeited commodities.
